

Third Quarter 2016 Financial Results

Presented by:
Matt Simoncini, President and CEO
Jeff Vanneste, SVP and CFO

October 26, 2016



Investor Information

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates," "forecasts" and similar expressions identify certain of these forward-looking statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All such forward-looking statements contained or incorporated in this presentation or in any other public statements which address operating performance, events or developments that the Company expects or anticipates may occur in the future, including, without limitation, statements related to business opportunities, awarded sales contracts, sales backlog and ongoing commercial arrangements, or statements expressing views about future operating results, are forward-looking statements. Actual results may differ materially from any or all forward-looking statements made by the Company. Important factors, risks and uncertainties that may cause actual results to differ materially from anticipated results include, but are not limited to, general economic conditions in the markets in which the Company operates, including changes in interest rates or currency exchange rates; currency controls and the ability to economically hedge currencies; the financial condition and restructuring actions of the Company's customers and suppliers; changes in actual industry vehicle production levels from the Company's current estimates; fluctuations in the production of vehicles or the loss of business with respect to, or the lack of commercial success of, a vehicle model for which the Company is a significant supplier; disruptions in the relationships with the Company's suppliers; labor disputes involving the Company or its significant customers or suppliers or that otherwise affect the Company; the outcome of customer negotiations and the impact of customer-imposed price reductions; the impact and timing of program launch costs and the Company's management of new program launches; the costs, timing and success of restructuring actions; increases in the Company's warranty, product liability or recall costs; risks associated with conducting business in foreign countries; the impact of regulations on the Company's foreign operations; the operational and financial success of the Company's joint ventures; competitive conditions impacting the Company and its key customers and suppliers; disruptions to the Company's information technology systems, including those related to cybersecurity; the cost and availability of raw materials, energy, commodities and product components and the Company's ability to mitigate such costs; the outcome of legal or regulatory proceedings to which the Company is or may become a party; the impact of pending legislation and regulations or changes in existing federal, state, local or foreign laws or regulations; unanticipated changes in cash flow, including the Company's ability to align its vendor payment terms with those of its customers; limitations imposed by the Company's existing indebtedness and the Company's ability to access capital markets on commercially reasonable terms; impairment charges initiated by adverse industry or market developments; the Company's ability to execute its strategic objectives; changes in discount rates and the actual return on pension assets; costs associated with compliance with environmental laws and regulations; developments or assertions by or against the Company relating to intellectual property rights; the Company's ability to utilize its net operating loss, capital loss and tax credit carryforwards; global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary unions, international treaties and fiscal policies; the anticipated departure of the United Kingdom from the European Union; and other risks described in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, as supplemented and updated by the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2016, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including actual industry production volumes, commodity prices and the Company's success in implementing its operating strategy.

Information in this presentation relies on assumptions in the Company's sales backlog. The Company's sales backlog reflects anticipated net sales from formally awarded new programs less lost and discontinued programs. The calculation of the sales backlog does not reflect customer price reductions on existing or newly awarded programs. The sales backlog may be impacted by various assumptions embedded in the calculation, including vehicle production levels on new programs, foreign exchange rates and the timing of major program launches.

The forward-looking statements in this presentation are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

Non-GAAP Financial Information

This presentation also contains non-GAAP financial information. For additional information regarding the Company's use of non-GAAP financial information, as well as reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), please see slides titled "Non-GAAP Financial Information" at the end of this presentation.

Lear proprietary and confidential.

Agenda

- **Third Quarter 2016 Financial Results and 2016 Outlook**
Jeff Vanneste, SVP and CFO
- **Business Update**
Matt Simoncini, President and CEO
- **Summary Comments**
Matt Simoncini, President and CEO
- **Q and A Session**

The background of the slide is a vibrant, futuristic scene. It features a glowing red and orange color palette with dynamic, curved light trails that suggest motion and energy. In the center, a wireframe model of a car is visible, rendered in a light blue and white color. The background also includes a blurred city skyline at night, with various buildings and lights. The overall aesthetic is high-tech and modern.

Third Quarter 2016 Financial Results

Third Quarter 2016

Highlights

- Record sales of \$4.5 billion, reflecting continued growth and market share gains in both segments
- Record net income of \$214 million versus \$181 million in the prior year
- Record core operating earnings of \$364 million, an increase of 14% from the prior year, reflecting improved margins in both business segments
- Earnings per share of \$2.98 and adjusted earnings per share of \$3.19, up 27% and 25%, respectively, from the prior year
- Generated \$158 million of free cash flow with \$276 million of net cash from operating activities
- Entered into a strategic partnership with Tempronics for thermoelectric seat heating and cooling technology
- Upgraded to investment grade by Moody's
- Repurchased 1.3 million shares, approximately 2% of shares outstanding
- Increasing full year outlook for earnings and cash flow

Third Quarter 2016

Global Vehicle Production and Currency

(Units in millions)

	Third Quarter 2016	
	Actual	Change From Prior Year
China	5.7	up 24%
Europe and Africa	4.9	down 1%
North America	4.5	up 2%
India	1.1	up 14%
Brazil	0.5	down 10%
Global	21.3	up 5%
<u>Key Currencies</u>		
Euro	\$ 1.12 / €	flat
Chinese RMB	6.67 / \$	down 6%

Source: IHS Automotive October 2016

Third Quarter 2016 Reported Financials

(\$ in millions, except per share amounts)

	<i>Third Quarter</i>		<i>2016 B/(W)</i>
	<i>2016</i>	<i>2015</i>	<i>2015</i>
Net Sales			
North America	\$ 1,859.0	\$ 1,896.6	(2)%
Europe and Africa	1,624.6	1,568.8	4 %
Asia	888.2	746.3	19 %
South America	154.6	118.6	30 %
Global	\$ 4,526.4	\$ 4,330.3	5 %
Pretax Income Before Equity Income, Interest and Other Expense	\$ 345.1	\$ 302.6	14 %
Pretax Income Before Equity Income	\$ 310.3	\$ 259.5	20 %
Net Income Attributable to Lear	\$ 214.4	\$ 181.0	18 %
Diluted Earnings per Share Attributable to Lear	\$ 2.98	\$ 2.34	27 %
SG&A % of Net Sales	3.4%	3.2%	
Equity Income	\$ (12.9)	\$ (9.9)	\$ 3.0
Interest Expense	\$ 20.6	\$ 21.4	\$ 0.8
Other Expense, Net	\$ 14.2	\$ 21.7	\$ 7.5
Depreciation / Amortization	\$ 98.7	\$ 88.0	\$ (10.7)

Third Quarter 2016

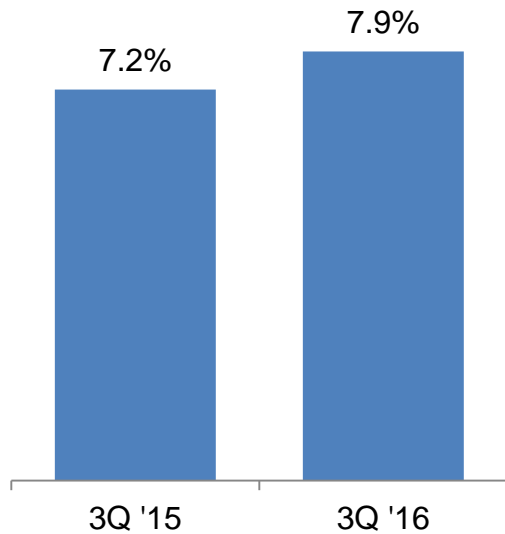
Impact of Restructuring and Other Special Items

(\$ in millions, except per share amounts)	Third Quarter 2016			Adjusted	Memo:
	Reported	Restructuring Costs	Other Special Items		Q3 2015 Adjusted
Pretax Income Before Equity Income, Interest and Other Expense	\$ 345.1	\$ 16.8*	\$ 2.0*	\$ 363.9	\$ 320.3
Equity Income	(12.9)			(12.9)	(9.9)
Pretax Income Before Interest and Other Expense	\$ 358.0			\$ 376.8	\$ 330.2
Interest Expense	20.6			20.6	21.4
Other Expense, Net	14.2		1.1	15.3	19.8
Income Before Taxes	\$ 323.2			\$ 340.9	\$ 289.0
Income Taxes	88.2	4.8	(2.4)	90.6	78.3
Net Income	\$ 235.0			\$ 250.3	\$ 210.7
Noncontrolling Interests	20.6			20.6	12.3
Net Income Attributable to Lear	\$ 214.4			\$ 229.7	\$ 198.4
Diluted Earnings per Share	\$ 2.98			\$ 3.19	\$ 2.56

* Restructuring costs include \$15.1 million in gross profit and \$1.7 million in SG&A. Other special items include \$1.7 million in gross profit and \$0.3 million in SG&A.

Third Quarter 2016 Adjusted Margins

Seating



(\$ in millions)

Sales	\$ 3,357.1	\$ 3,513.3
Earnings	\$ 234.2	\$ 269.5
Adj. Earnings	\$ 243.3	\$ 277.5

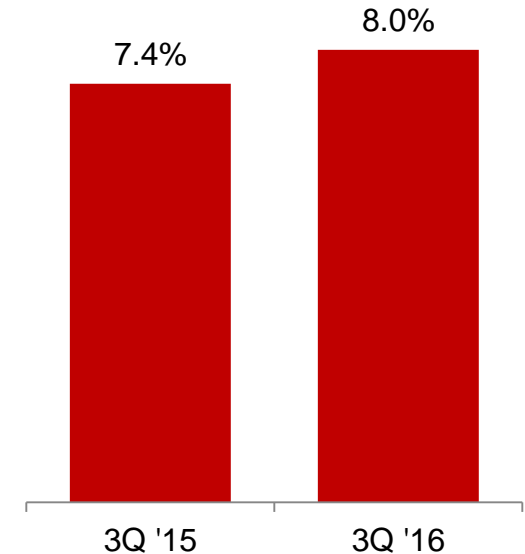
E-Systems



(\$ in millions)

Sales	\$ 973.2	\$ 1,013.1
Earnings	\$ 132.6	\$ 140.3
Adj. Earnings	\$ 136.4	\$ 150.1

Total Company



(\$ in millions)

Sales	\$ 4,330.3	\$ 4,526.4
Earnings	\$ 302.6	\$ 345.1
Adj. Earnings	\$ 320.3	\$ 363.9

Reported earnings represents pretax income before equity income, interest and other expense. Adjusted earnings represents reported earnings adjusted for restructuring costs and other special items.

Third Quarter 2016

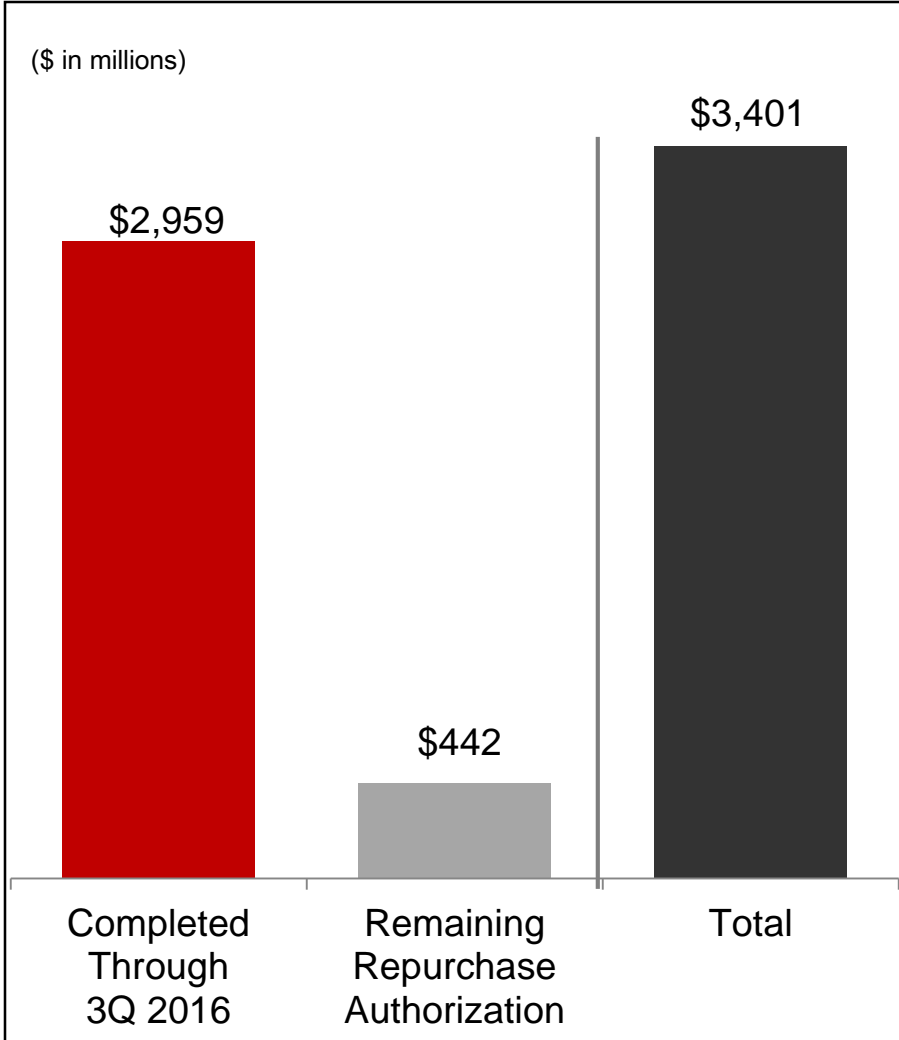
Free Cash Flow

(\$ in millions)

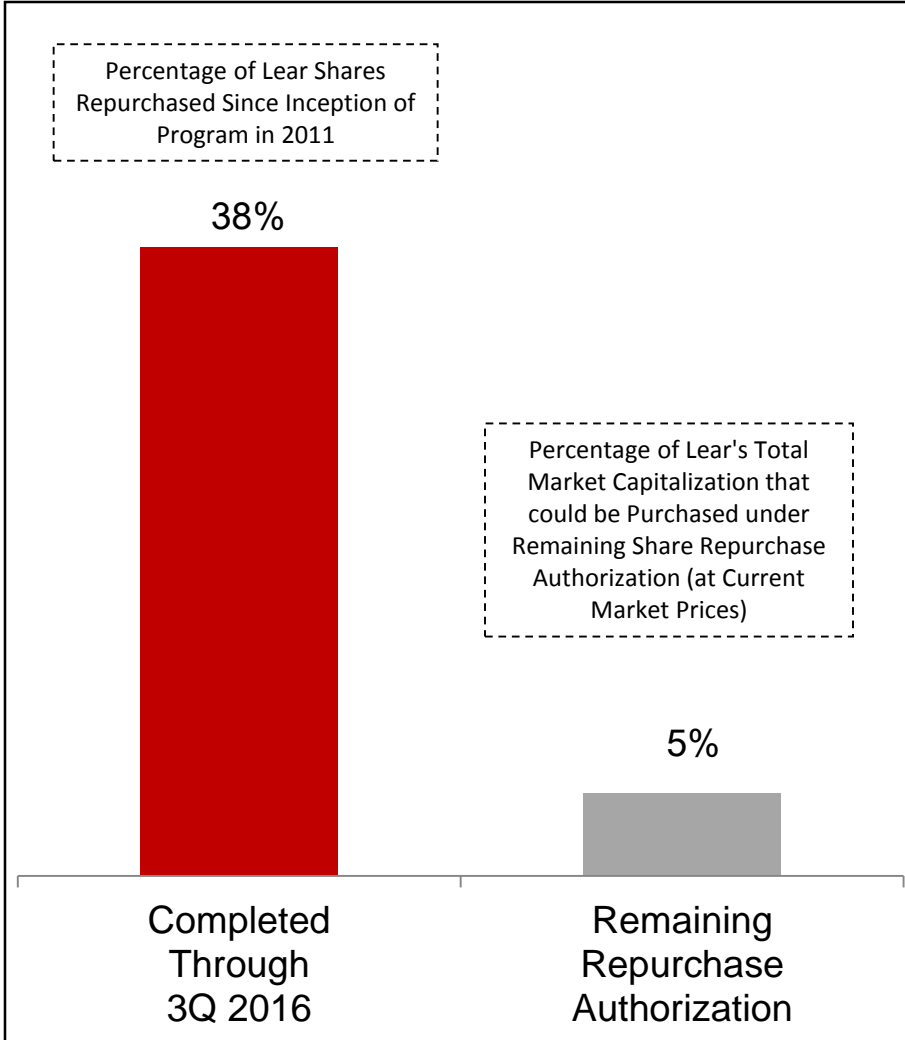
	Third Quarter 2016	First 9 Months 2016
Net Income Attributable to Lear	\$ 214.4	\$ 745.2
Depreciation / Amortization	98.7	283.4
Working Capital and Other	<u>(36.8)</u>	<u>65.3</u>
Net Cash Provided by Operating Activities	\$ 276.3	\$1,093.9
Capital Expenditures	<u>(118.6)</u>	<u>(300.3)</u>
Free Cash Flow	<u><u>\$ 157.7</u></u>	<u><u>\$ 793.6</u></u>

Share Repurchase Summary

Share Repurchases



Percentage of Shares Repurchased





2016 Outlook

2016 Outlook

Global Vehicle Production and Currency

(Units in millions)

	2015 Actual	2016 Outlook	YOY Change	<u>Memo: July Outlook</u>
China	22.5	24.2	up 8%	24.0
Europe and Africa	21.5	22.2	up 3%	22.3
North America	17.5	17.9	up 2%	18.0
India	3.8	4.1	up 8%	4.0
Brazil	2.3	2.1	down 12%	2.0
Global	87.1	89.5	up 3%	89.5

Key Currencies

Euro	\$ 1.11 / €	\$ 1.11 / €	flat	\$ 1.10 / €
Chinese RMB	6.28 / \$	6.60 / \$	down 5%	6.60 / \$

Source: IHS Automotive October 2016

2016 Outlook

Financial Summary

2016 Financial Outlook*

≈ \$18.6 billion	Net Sales
\$1.500 to \$1.525 billion	Core Operating Earnings
≈ \$375 million	Depreciation and Amortization
≈ \$83 million	Interest Expense
≈ 27%	Effective Tax Rate
\$980 million to \$1.0 billion	Adjusted Net Income
≈ \$70 million	Restructuring Costs
≈ \$525 million	Capital Spending
≈ \$1.0 billion	Free Cash Flow
\$1.875 to \$1.900 billion	Adjusted EBITDA

Core Earnings Growth Of 15%+ And Free Cash Flow Yield Of 12%

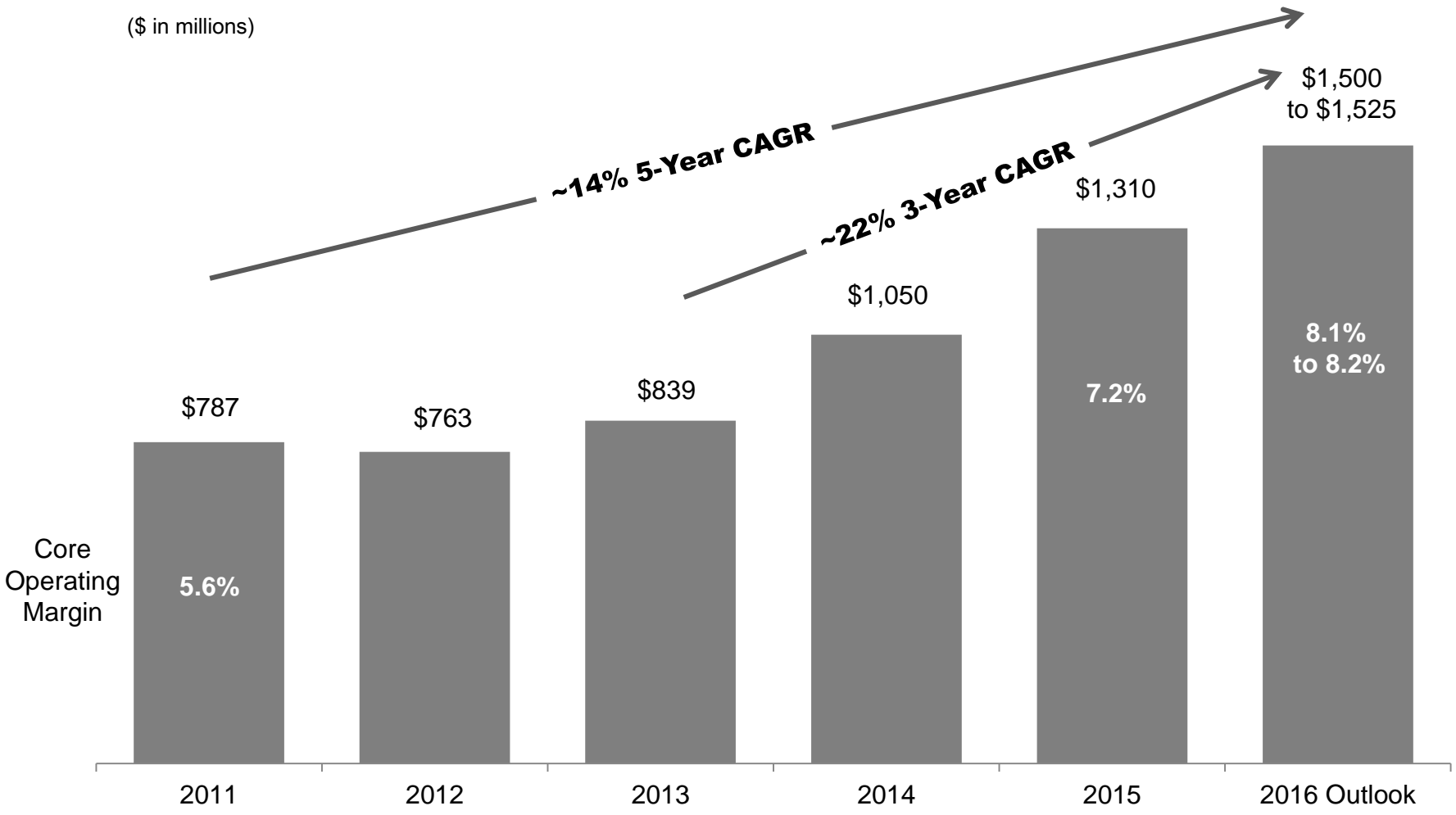
* Certain of the forward-looking financial measures are provided on a non-GAAP basis. A reconciliation of forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is potentially misleading and not practical given the difficulty of projecting event driven transactional and other non-core operating items in any future period. The magnitude of these items, however, may be significant.



Business Update

Improving Core Operating Earnings Trend

(\$ in millions)



Sales, Core Operating Earnings And Adjusted EPS Growing Faster Than The Peer Group

Well Positioned for Profitable Growth



Profitable Growth Drivers

- Increased consumer demand for comfort and convenience features
- Mix shift to crossovers and SUVs
- Intelligent Seat
- World leader in luxury and performance automotive seating
- Most complete component capabilities
- Low-cost producer
- Uniquely positioned with a competitive advantage in seat design and craftsmanship

- Increased consumer demand for features that require electronics and software
- 48V and high voltage penetration
- Connectivity and communication
- 21 first-to-market innovations over the past four years
- Complete component capabilities
- Low-cost producer
- Uniquely positioned to capitalize on vehicle connectivity mega-trend

**Revenue Growth Target
5 Percentage Points Or More Above Market**



Summary Comments

Summary Comments

- Investments in the business have expanded our product capabilities and improved our cost structure, driving market share gains and record financial results
- Lear continues to outperform peer group average
 - Free cash flow yield of 12%
 - 3-year compounded annual earnings growth of 22%
 - Return on invested capital well in excess of our cost of capital
- Increased 2016 outlook reflects 7th consecutive year of higher sales and adjusted EPS and strong free cash flow
- Both business segments are uniquely positioned with global capabilities, leading technology and a low-cost footprint to deliver content growth and market share gains

Expect Continued Strong Sales And Earnings Growth In 2017

Non-GAAP Financial Information

In addition to the results reported in accordance with accounting principles generally accepted in the United States (“GAAP”) included throughout this presentation, the Company has provided information regarding “pretax income before equity income, interest and other expense,” “pretax income before equity income, interest, other expense, restructuring costs and other special items” (core operating earnings, adjusted earnings or adjusted segment earnings), “pretax income before equity income, interest, other expense, depreciation, amortization, restructuring costs and other special items” (adjusted EBITDA), “adjusted net income attributable to Lear” (adjusted net income), “adjusted diluted net income per share attributable to Lear” (adjusted earnings per share), “tax expense excluding the impact of restructuring costs and other special items” and “free cash flow” (each, a non-GAAP financial measure). Other expense includes, among other things, non-income related taxes, foreign exchange gains and losses, gains and losses related to certain derivative instruments and hedging activities, gains and losses on the extinguishment of debt and gains and losses on the disposal of fixed assets. Adjusted net income and adjusted earnings per share represent net income attributable to Lear and diluted net income per share attributable to Lear, respectively, adjusted for restructuring costs and other special items, including the tax effect thereon. Free cash flow represents net cash provided by operating activities, less capital expenditures.

Management believes the non-GAAP financial measures used in this presentation are useful to both management and investors in their analysis of the Company’s financial position and results of operations. In particular, management believes that pretax income before equity income, interest and other expense, core operating earnings, adjusted EBITDA, adjusted net income, adjusted earnings per share and tax expense excluding the impact of restructuring costs and other special items are useful measures in assessing the Company’s financial performance by excluding certain items that are not indicative of the Company’s core operating performance or that may obscure trends useful in evaluating the Company’s continuing operating activities. Management also believes that these measures are useful to both management and investors in their analysis of the Company’s results of operations and provide improved comparability between fiscal periods. Management believes that free cash flow is useful to both management and investors in their analysis of the Company’s ability to service and repay its debt. Further, management uses these non-GAAP financial measures for planning and forecasting future periods.

Pretax income before equity income, interest and other expense, core operating earnings, adjusted EBITDA, adjusted net income, adjusted earnings per share, tax expense excluding the impact of restructuring costs and other special items and free cash flow should not be considered in isolation or as a substitute for net income attributable to Lear, diluted net income per share attributable to Lear, cash provided by operating activities or other income statement or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and, therefore, does not reflect funds available for investment or other discretionary uses. Also, these non-GAAP financial measures, as determined and presented by the Company, may not be comparable to related or similarly titled measures reported by other companies.

Set forth on the following slides are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Non-GAAP Financial Information

Pretax income before equity income, interest and other expense

(\$ in millions)	Third Quarter	
	2016	2015
Net income	\$ 214.4	\$ 181.0
Interest expense	20.6	21.4
Other expense, net	14.2	21.7
Income taxes	88.2	76.1
Equity in net income of affiliates	(12.9)	(9.9)
Net income attributable to noncontrolling interests	20.6	12.3
Pretax income before equity income, interest and other expense	\$ 345.1	\$ 302.6

Non-GAAP Financial Information

Core Operating Earnings and Adjusted Margins

(\$ in millions)	Third Quarter 2016		
	Seating	E-Systems	Total
Net sales	\$ 3,513.3	\$ 1,013.1	\$ 4,526.4
Pretax income before equity income, interest and other expense / segment earnings	\$ 269.5	\$ 140.3	\$ 345.1
Costs related to restructuring actions	8.0	8.6	16.8
Other	-	1.2	2.0
Core operating earnings / adjusted earnings	\$ 277.5	\$ 150.1	\$ 363.9
Adjusted margins	7.9%	14.8%	8.0%

(\$ in millions)	Third Quarter 2015		
	Seating	Electrical	Total
Net sales	\$ 3,357.1	\$ 973.2	\$ 4,330.3
Pretax income before equity income, interest and other expense / segment earnings	\$ 234.2	\$ 132.6	\$ 302.6
Costs related to restructuring actions	6.8	3.7	15.5
Acquisition costs and other related costs	2.3	-	2.3
Other	-	0.1	(0.1)
Core operating earnings / adjusted earnings	\$ 243.3	\$ 136.4	\$ 320.3
Adjusted margins	7.2%	14.0%	7.4%

Non-GAAP Financial Information

Adjusted Net Income and Adjusted EPS

(\$ and shares in millions, except per share amount)	Third Quarter	
	2016	2015
Net income attributable to Lear	\$ 214.4	\$ 181.0
Costs related to restructuring actions	16.8	17.4
Acquisition and other related costs	-	2.3
Other	0.9	(0.1)
Tax impact of special items and other net tax adjustments ¹	(2.4)	(2.2)
Adjusted net income attributable to Lear	\$ 229.7	\$ 198.4
Weighted average number of diluted shares outstanding	72.1	77.4
Adjusted earnings per share	\$ 3.19	\$ 2.56

¹ Represents the tax effect of restructuring costs and other special items, as well as several discrete tax items. The identification of these tax items is judgmental in nature, and their calculation is based on various assumptions and estimates.

Non-GAAP Financial Information

Core Operating Earnings and Adjusted Margins

(\$ in millions)	2011	2012	2013	2014	2015
Net sales	\$ 14,156.5	\$ 14,567.0	\$ 16,234.0	\$ 17,727.3	\$ 18,211.4
Net income	\$ 540.7	\$ 1,282.8	\$ 431.4	\$ 672.4	\$ 745.5
Interest expense	39.7	49.9	68.4	67.5	86.7
Other expense, net	24.2	6.4	58.1	74.3	68.6
Income taxes	68.8	(638.0)	192.7	121.4	285.5
Equity in net income of affiliates	(23.5)	(30.3)	(38.4)	(36.3)	(49.8)
Net income attributable to noncontrolling interests	29.7	34.4	24.4	29.9	50.3
Costs related to restructuring actions	71.5	55.7	83.8	114.3	95.2
Costs related to proxy contest	-	-	3.0	-	-
Acquisition and other related costs	-	6.2	-	5.3	10.9
Acquisition-related inventory fair value adjustment	-	-	-	-	15.8
Losses and incremental costs (insurance recoveries), net related to the destruction of assets	13.3	(14.6)	7.3	-	-
Labor-related litigation claims	-	-	7.3	-	-
Other	22.1	10.1	1.4	0.8	1.5
Pretax income before equity income, interest, other expense, restructuring costs and other special items (Core operating earnings)	\$ 786.5	\$ 762.6	\$ 839.4	\$ 1,049.6	\$ 1,310.2
Core earnings margin	5.6%	5.2%	5.2%	5.9%	7.2%